

AMENDED IN ASSEMBLY APRIL 14, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2492**

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**Introduced by Assembly Member Alejo**

February 19, 2016

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An act to amend Sections 62001, 62002, and 62004 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL’S DIGEST

AB 2492, as amended, Alejo. Community revitalization.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, by means of redevelopment projects financed by the issuance of bonds serviced by tax increment revenues derived from the project area. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved agencies and to fulfill the enforceable obligations of those agencies. Existing law also provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

Existing law authorizes certain local agencies to form a community revitalization and investment authority (authority) within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. Existing law requires not less than 80% of the land calculated by census tracts or census block groups, as defined by the United States Census Bureau, within the area to be characterized by

several conditions, including a condition that the land has an annual median household income of less than 80% of the statewide annual median income.

This bill would authorize the calculation to be made with a combination of census tracts and census block groups. The bill would also revise the conditions to require, among other things, an annual median household income that is less than 80% of the statewide, countywide, or citywide annual median household income.

Existing law authorizes certain entities that receive ad valorem property taxes to adopt a resolution in a specified manner to allocate their share of tax increment funds within the area covered by a community revitalization plan to the authority.

Existing law authorizes an authority to borrow money, receive grants, or accept financial or other assistance or investment from the state or any other public agency for any project within its area of operation.

This bill would authorize an authority to also receive funds allocated to it pursuant to a resolution adopted by a city, county, or special district to transfer these funds from certain tax and assessment revenues, subject to specified requirements as to the use of those funds.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 62001 of the Government Code is
- 2 amended to read:
- 3 62001. (a) A community revitalization and investment
- 4 authority is a public body, corporate and politic, with jurisdiction
- 5 to carry out a community revitalization plan within a community
- 6 revitalization and investment area. The authority shall be deemed
- 7 to be the “agency” described in subdivision (b) of Section 16 of
- 8 Article XVI of the California Constitution for purposes of receiving
- 9 tax increment revenues. The authority shall have only those powers
- 10 and duties specifically set forth in Section 62002.
- 11 (b) (1) An authority may be created in any one of the following
- 12 ways:
- 13 (A) A city, county, or city and county may adopt a resolution
- 14 creating an authority. The composition of the governing board
- 15 shall be comprised as set forth in subdivision (c).

1 (B) A city, county, city and county, and special district, as  
2 special district is defined in subdivision (m) of Section 95 of the  
3 Revenue and Taxation Code, or any combination thereof, may  
4 create an authority by entering into a joint powers agreement  
5 pursuant to Chapter 5 (commencing with Section 6500) of Division  
6 7 of Title 1.

7 (2) (A) A school entity, as defined in subdivision (f) of Section  
8 95 of the Revenue and Taxation Code, may not participate in an  
9 authority created pursuant to this part.

10 (B) A successor agency, as defined in subdivision (j) of Section  
11 34171 of the Health and Safety Code, may not participate in an  
12 authority created pursuant to this part, and an entity created  
13 pursuant to this part shall not receive any portion of the property  
14 tax revenues or other moneys distributed pursuant to Section 34188  
15 of the Health and Safety Code.

16 (3) An authority formed by a city or county that created a  
17 redevelopment agency that was dissolved pursuant to Part 1.85  
18 (commencing with Section 34170) of Division 24 of the Health  
19 and Safety Code shall not become effective until the successor  
20 agency or designated local authority for the former redevelopment  
21 agency has adopted findings of fact stating all of the following:

22 (A) The agency has received a finding of completion from the  
23 Department of Finance pursuant to Section 34179.7 of the Health  
24 and Safety Code.

25 (B) No former redevelopment agency assets which are the  
26 subject of litigation against the state, where the city or county or  
27 its successor agency or designated local authority are a named  
28 plaintiff, have been or will be used to benefit any efforts of an  
29 authority formed under this part unless the litigation, has been  
30 resolved by entry of a final judgment by any court of competent  
31 jurisdiction and any appeals have been exhausted.

32 (C) The agency has complied with all orders of the Controller  
33 pursuant to Section 34167.5 of the Health and Safety Code.

34 (c) (1) The governing board of an authority created pursuant  
35 to subparagraph (A) of paragraph (1) of subdivision (b) shall be  
36 appointed by the legislative body of the city, county, or city and  
37 county that created the authority and shall include three members  
38 of the legislative body of the city, county, or city and county that  
39 created the authority and two public members. The appointment  
40 of the two public members shall be subject to Section 54974. The

1 two public members shall live or work within the community  
2 revitalization and investment area.

3 (2) The governing body of the authority created pursuant to  
4 subparagraph (B) of paragraph (1) of subdivision (b) shall be  
5 comprised of a majority of members from the legislative bodies  
6 of the public agencies that created the authority and a minimum  
7 of two public members who live or work within the community  
8 revitalization and investment area. The majority of the board shall  
9 appoint the public members to the governing body. The  
10 appointment of the public members shall be subject to Section  
11 54974.

12 (d) An authority may carry out a community revitalization plan  
13 within a community revitalization and investment area. Not less  
14 than 80 percent of the land calculated by census tracts, census  
15 block groups, as defined by the United States Census Bureau, or  
16 any combination of both within the area shall be characterized by  
17 both of the following conditions:

18 (1) An annual median household income that is less than, at the  
19 option of the authority, 80 percent of the statewide, countywide,  
20 or citywide annual median income.

21 (2) Three of the following four conditions:

22 (A) An unemployment rate that is at least 3 percentage points  
23 higher than the statewide average annual unemployment rate, as  
24 defined by the report on labor market information published by  
25 the Employment Development Department in March of the year  
26 in which the community revitalization plan is prepared. *In*  
27 *determining the unemployment rate within the community*  
28 *revitalization and investment area, an authority may use*  
29 *unemployment data from the periodic American Community Survey*  
30 *published by the United States Census Bureau.*

31 (B) Crime rates, as documented by records maintained by the  
32 law enforcement agency that has jurisdiction in the proposed plan  
33 area for violent or property crime offenses, that are at least 5  
34 percent higher than the statewide average crime rate for violent or  
35 property crime offenses, as defined by the most recent annual  
36 report of the Criminal Justice Statistics Center within the  
37 Department of Justice, when data is available on the California  
38 Attorney General's Internet Web site. The crime rate shall be  
39 calculated by taking the local crime incidents for violent or property  
40 crimes, or any offense within those categories, for the most recent

1 calendar year for which the Department of Justice maintains data,  
2 divided by the total population of the proposed plan area, multiplied  
3 by 100,000. If the local crime rate for the proposed plan area  
4 exceeds the statewide average rate for either violent or property  
5 crime, or any offense within these categories, by more than 5  
6 percent, then the condition described in this subparagraph shall be  
7 met.

8 (C) Deteriorated or inadequate infrastructure, including streets,  
9 sidewalks, water supply, sewer treatment or processing, and parks.

10 (D) Deteriorated commercial or residential structures.

11 (e) As an alternative to subdivision (d), an authority may also  
12 carry out a community revitalization plan within a community  
13 revitalization and investment area established within a former  
14 military base that is principally characterized by deteriorated or  
15 inadequate infrastructure and structures. Notwithstanding  
16 subdivision (c), the governing board of an authority established  
17 within a former military base shall include a member of the military  
18 base closure commission as a public member.

19 (f) An authority created pursuant to this part shall be a local  
20 public agency subject to the Ralph M. Brown Act (Chapter 9  
21 commencing with Section 54950) of Part 1 of Division 2 of Title  
22 5), the California Public Records Act (Chapter 3.5 (commencing  
23 with Section 6250) of Division 7 of Title 1), and the Political  
24 Reform Act of 1974 (Title 9 (commencing with Section 81000)).

25 (g) (1) At any time after the authority is authorized to transact  
26 business and exercise its powers, the legislative body or bodies of  
27 the local government or governments that created the authority  
28 may appropriate the amounts the legislative body or bodies deem  
29 necessary for the administrative expenses and overhead of the  
30 authority.

31 (2) The money appropriated may be paid to the authority as a  
32 grant to defray the expenses and overhead, or as a loan to be repaid  
33 upon the terms and conditions as the legislative body may provide.  
34 If appropriated as a loan, the property owners and residents within  
35 the plan area shall be made third-party beneficiaries of the  
36 repayment of the loan. In addition to the common understanding  
37 and usual interpretation of the term, “administrative expense”  
38 includes, but is not limited to, expenses of planning and  
39 dissemination of information.

SEC. 2. Section 62002 of the Government Code is amended to read:

62002. An authority may do all of the following:

(a) Provide funding to rehabilitate, repair, upgrade, or construct infrastructure.

(b) Provide for low- and moderate-income housing in accordance with Part 2 (commencing with Section 62100).

(c) Remedy or remove a release of hazardous substances pursuant to the Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Part 1 of Chapter 4 of Division 24) or Chapter 6.10 (commencing with Section 25403) of Division 20 of the Health and Safety Code.

(d) Provide for seismic retrofits of existing buildings in accordance with all applicable laws and regulations.

(e) Acquire and transfer real property in accordance with Part 3 (commencing with Section 62200). The authority shall retain controls and establish restrictions or covenants running with the land sold or leased for private use for the periods of time and under the conditions as are provided in the plan. The establishment of these controls is a public purpose under this part.

(f) Issue bonds in conformity with Article 4.5 (commencing with Section 53506) and Article 5 (commencing with Section 53510) of Chapter 3 of Part 1 of Division 2 of Title 5.

(g) (1) Borrow money, receive grants, or accept financial or other assistance or investment from the state or the federal government or any other public agency or private lending institution for any project within its area of operation, and may comply with any conditions of the loan or grant. An authority may qualify for funding as a disadvantaged community pursuant to Section 79505.5 of the Water Code or as defined by Section 56033.5. An authority may also enter into an agreement with a qualified community development entity, as defined by Section 45D(c) of the Internal Revenue Code, to coordinate investments of funds derived from the New Markets Tax Credit with those of the authority in instances where coordination offers opportunities for greater efficiency of investments to improve conditions described in subdivisions (d) and (e) within the territorial jurisdiction of the authority.

(2) Receive funds allocated to it pursuant to a resolution adopted by a city, county, or special district to transfer these funds from a

1 source described in subdivision (d), (e), or (f) of Section 53398.75,  
2 subject to any requirements upon, or imposed by, the city, county,  
3 or special district as to the use of these funds.

4 (h) Adopt a community revitalization and investment plan  
5 pursuant to Sections 62003 and 62004.

6 (i) Make loans or grants for owners or tenants to improve,  
7 rehabilitate, or retrofit buildings or structures within the plan area.

8 (j) Construct foundations, platforms, and other like structural  
9 forms necessary for the provision or utilization of air rights sites  
10 for buildings to be used for residential, commercial industrial, or  
11 other uses contemplated by the revitalization plan.

12 (k) Provide direct assistance to businesses within the plan area  
13 in connection with new or existing facilities for industrial or  
14 manufacturing uses, except as specified in this division.

15 SEC. 3. Section 62004 of the Government Code is amended  
16 to read:

17 62004. (a) The authority shall consider adoption of the plan  
18 at three public hearings that shall take place at least 30 days apart.  
19 At the first public hearing, the authority shall hear all written and  
20 oral comments but take no action. At the second public hearing,  
21 the authority shall consider any additional written and oral  
22 comments and take action to modify or reject the plan. If the plan  
23 is not rejected at the second public hearing, then the authority shall  
24 conduct a protest proceeding at the third public hearing to consider  
25 whether the property owners and residents within the plan area  
26 wish to present oral or written protests against the adoption of the  
27 plan.

28 (b) The draft plan shall be made available to the public and to  
29 each property owner within the area at a meeting held at least 30  
30 days prior to the notice given for the first public hearing. The  
31 purposes of the meeting shall be to allow the staff of the authority  
32 to present the draft plan, answer questions about the plan, and  
33 consider comments about the plan.

34 (c) (1) Notice of the meeting required by subdivision (b) and  
35 the public hearings required by this subdivision shall be given in  
36 accordance with subdivision (j). The notice shall do all of the  
37 following, as applicable:

38 (A) Describe specifically the boundaries of the proposed area.

39 (B) Describe the purpose of the plan.

1 (C) State the day, hour, and place when and where any and all  
2 persons having any comments on the proposed plan may appear  
3 to provide written or oral comments to the authority.

4 (D) Notice of second public hearing shall include a summary  
5 of the changes made to the plan as a result of the oral and written  
6 testimony received at or before the public hearing and shall identify  
7 a location accessible to the public where the plan proposed to be  
8 presented and adopted at the second public hearing can be  
9 reviewed.

10 (E) Notice of the third public hearing to consider any written  
11 or oral protests shall contain a copy of the final plan adopted  
12 pursuant to subdivision (a), and shall inform the property owner  
13 and resident of his or her right to submit an oral or written protest  
14 before the close of the public hearing. The protest may state that  
15 the property owner or resident objects to the authority taking action  
16 to implement the plan.

17 (2) At the third public hearing, the authority shall consider all  
18 written and oral protests received prior to the close of the public  
19 hearing and shall terminate the proceedings or adopt the plan  
20 subject to confirmation by the voters at an election called for that  
21 purpose. The authority shall terminate the proceedings if there is  
22 a majority protest. A majority protest exists if protests have been  
23 filed representing over 50 percent of the combined number of  
24 property owners and residents in the area who are at least 18 years  
25 of age. An election shall be called if between 25 percent and 50  
26 percent of the combined number of property owners and residents  
27 in the area who are at least 18 years of age file a protest.

28 (d) An election required pursuant to paragraph (2) of subdivision  
29 (c) shall be held within 90 days of the public hearing and may be  
30 held by mail-in ballot. The authority shall adopt, at a duly noticed  
31 public hearing, procedures for this election.

32 (e) If a majority of the property owners and residents vote  
33 against the plan, then the authority shall not take any further action  
34 to implement the proposed plan. The authority shall not propose  
35 a new or revised plan to the affected property owners and residents  
36 for at least one year following the date of an election in which the  
37 plan was rejected.

38 (f) At the hour set in the notice required by subdivision (a), the  
39 authority shall consider all written and oral comments.



1 (g) If less than 25 percent of the combined number of property  
2 owners and residents in the area who are at least 18 years of age  
3 file a protest, the authority may adopt the plan at the conclusion  
4 of the third public hearing by ordinance. The ordinance adopting  
5 the plan shall be subject to referendum as prescribed by law.

6 (h) For the purposes of Section 62005, the plan shall be the plan  
7 adopted pursuant to this section.

8 (i) The authority shall consider and adopt an amendment or  
9 amendments to a plan in accordance with the provisions of this  
10 section.

11 (j) The authority shall post notice of each meeting or public  
12 hearing required by this section in an easily identifiable and  
13 accessible location on the authority's Internet Web site and shall  
14 mail a written notice of the meeting or public hearing to each owner  
15 of land and each resident at least 10 days prior to the meeting or  
16 public hearing.

17 (1) Notice of the first public hearing shall also be published not  
18 less than once a week for four successive weeks prior to the first  
19 public hearing in a newspaper of general circulation published in  
20 the county in which the area lies.

21 (2) Notice of the second public hearing shall also be published  
22 not less than 10 days prior to the second public hearing in a  
23 newspaper of general circulation in the county in which the area  
24 lies.

25 (3) Notice of the third public hearing shall also be published  
26 not less than 10 days prior to the third public hearing in a  
27 newspaper of general circulation in the county in which the area  
28 lies.